



PRESS RELEASE

House Armed Services Committee

Floyd D. Spence, Chairman

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CONTACT: Maureen Cragin

Ryan Vaart

(202) 225-2539

OPENING STATEMENT OF CHAIRMAN FLOYD SPENCE

FULL COMMITTEE HEARING ON THE

FY 2001 BUDGET REQUEST

SERVICE SECRETARIES

Today, the committee continues its oversight of the fiscal year 2001 defense budget request. We have with us this morning the three service secretaries:

- The Honorable Louis Caldera, Secretary of the Army;
- The Honorable Richard Danzig, Secretary of the Navy; and
- The Honorable F. Whitten Peters, Secretary of the Air Force.

Last month, the committee heard testimony from Secretary of Defense Cohen, the Chairman of the Joint Chiefs of Staff, General Shelton, and the four service chiefs on the defense budget request. Since that time, the committee has been reviewing the request in more detail.

As I stated then, I am pleased that the Administration has finally submitted a budget that calls for real growth in defense spending. But, one year of real growth, as Secretary of Defense Cohen recently testified, does not a military make.

In particular, procurement spending is one area where the disparity between requirements and available resources continues to be unacceptable, adding to the level of risk our armed forces must face. On March 8, 2000, Deputy Secretary of Defense John Hamre testified that the budget request underfunds procurement, and stated that "\$60 billion does not provide enough money to recapitalize the force." In a hearing last month before this committee, former Secretary of Defense William Perry stated that procurement funding, "probably needs to be perhaps \$70 to \$80 billion." Moreover, each of our witnesses here today has also expressed concern over some aspect of the budget request.

For example, the Army has expressed concern over its ability to modernize the force, as less than one-fifth of the procurement budget goes to the Army.

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The Navy has expressed concern that its ship building plan still does not reach the level necessary to sustain the current number of ships. In fact, the current rate of ship construction is insufficient to maintain the Quadrennial Defense Review's requirement to maintain a fleet of more than 300 ships.

The Air Force has cited shortfalls in the budget request with respect to real property maintenance and spare parts, and has recently pointed out that essential modernization programs remain underfunded.

The growing shortfalls were highlighted last month when the services submitted their unfunded requirements list to this committee. This year's \$16 billion list is nearly double last year's submission of only \$8.7 billion. This is hardly an encouraging trend.

These developments tend to reinforce the belief that we are staring at the front end of the defense "train wreck" that was predicted in testimony before the committee last month by the authors of a recent study conducted by the Center for Strategic and International Studies. Avoiding the train wreck will require a sustained effort over many years.

The key point is what level of risk we are willing to accept. The Department's latest Quarterly Readiness Review to Congress assesses that the risk for ongoing operations of fighting two major theater wars is moderate to high. The report states that this level of risk increases the potential for higher casualties. I remain concerned that continued underfunding will lead to even greater risk in the future.

Our witnesses today deal on a day-to-day basis with the challenges facing our armed forces. I look forward to discussing with them how the budget request addresses their concerns, and which shortfalls require the most urgent attention.

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